NOTE

Loss Figures in

Red, Followed by

Dash –

United Artists Corporation

HOME OFFICE

TELEPHONE BRYANT 9-7300

729 SEVENTH AVENUE

NEW YORK

November 20, 1940

Mr. Murray Silverstone
c/o Ambassador Hotel
Los Angeles, California

Dear Murray:

Enclosed herewith in two separate envelopes are the ten copies of the world-wide estimate for the 46 weeks ending November 16, 1940 with respect to U.S. and Canada and for the 44 weeks ending November 2, 1940 with respect to Foreign. You will note that the estimate works out to the sum of $538,000, subject to certain notes that appear upon it.

As this letter is being dictated, the Consolidating Balance Sheet and the Consolidating Income Statement of June 29, 1940 have not yet been completed. You were anxious to know the asset and liability position as at the present date. The figures are not available and as a matter of fact, the June 29, 1940 figures which we hope to send you tonight are being made up very hurriedly from whatever information is readily available, using every possible short cut.

Items such as Cash in Transit from foreign countries to New York and which had not reached New York on June 29th are classified as Deferred Charges. Certain Receivables from Producers and Payables to Producers are also classified as Deferred Charges for the reason that we did not have time to analyse in detail to the same extent as we ordinarily do. Therefore it is not safe to say that the June 29th figures are final and complete. However, I do not believe that the finished job will differ very greatly from the figures which we are rushing through tonight.

The statements which we are working on noware the Columnar Statements, showing details by country. We will be unable to complete until Friday the Consolidated Statements which really summarize the Columnar Statements. However, you will be in possession of the information by merely using the last columns of the Consolidating Balance Sheet and Consolidating Income Statement.

You will notice that we increased the Reserve against Investment in the Walter Wanger Productions, Inc. from $500,000 to $1,000,000 and deducted this sum from Surplus. We did this in accordance with your request and we presume that the Stockholders or Directors will pass a resolution authorizing this action.

While we do not have Balance Sheets and Income Statements down to date for the Delaware Corporation and its various subsidiaries, it appears to me that if up to date figures were available and a Balance Sheet were prepared, that the position would be very similar to that shown at June 29, 1940, except that the net assets would be increased by the difference between the world-wide profit of the first six months and the world-wide profit of $538,000 which appears upon the estimate.

The figures given for both June 29, 1940 and for November 16, 1940 are subject to currency restrictions insofar as they relate to assets in foreign countries and in fact to all of the notes which appear upon the estimate.

I trust these figures will be satisfactory.

Sincerely,

H.J. Muller

HJM:S

ENC: AIR MAIL - SPECIAL DELIVERY

ESTIMATED WORLD-WIDE PROFIT AND LOSS
U.S. AND CANADA FOR THE 46 WEEKS ENDING NOVEMBER 16, 1940
FOREIGN FOR THE 44 WEEKS ENDING NOVEMBER 2, 1940

	U.S. & Canada	Great Britain	Other Foreign	Total Foreign	Total
Sales	$9,432,620	$4,157,415	$3,347,687	$	$16,937,722
Played and Earned	12,102,041	4,196,918	3,473,377		19,772,336
Corporation's Share of Played and Earned	3,041,791	1,054,081	1,283,952		5,379,824
Other Income	160,354	20,562	69,389		250,305
	3,202,145	1,074,643	1,353,341		5,630,129
Prints, Duties, Etc.	54,050	32,483	114,999		201,532
Operating and Other Expenses	* 3,229,205	580,104	907,888		4,717,197
	3,283,255	612,587	1,022,887		4,918,729
	81,110	462,056	330,454	792,510	711,400
N.Y.Foreign Dept.Expenses				173,400	173,400
Estimated Profit	**$ 81,110			$ 619,110	$ 538,000

*Includes U.S. Income Tax on entire profit of Delaware Corporation, including foreign commissions.

**This profit does not take into account commissions from foreign but is after charging all of the New York Home Office expenses to domestic distribution.

The above figures are after provision for the 5% reduction in terms in England and Canada but before provision for rebates under the so-called Silverstone Plan. They also are after provision for all taxes throughout the world but do not include possible additional taxes in England and Canada which might be incurred because of the 5%. Provision has not been made for the expected Australian excess profits tax which will be retroactive to July 1, 1939.

No consideration has been given in the above figures to the various currency restrictions imposed by the British Empire.

Because of the situation in Continental Europe the profit of the French subsidiary since December 30, 1939, the profit of the Danish subsidiary since March 30, 1940 and the profit of the Belgian subsidiary since May 4, 1940 have been eliminated from the above figures.

At End of		World-Wide	U.S.	Foreign		World-Wide	Investments In Pictures & Theatres	Other Items
1936	Current and Working Assets	$4,667,651.57	$2,036,710.20	$2,630,941.37	Dividend 500,000 less L.F.P. 100,000	$400,000.00		$400,000.00
	Current Liabilities	3,441,837.41	1,718,765.25	1,746,072.56	Hart Judgment	85,000.00		85,000.00
	Net Current and Working Assets	1,205,813.76	320,944.95	884,868.81	Investment in Manger Co.	1,251,200.00	$1,251,200.00	
	Consolidated Profit $857,631.31				Investment in Odeon	57,980.92	57,980.92	
					Investment in B.H. Real Estate	34,386.02		34,386.02
						1,828,566.94	1,309,180.92	519,386.02
1937	Current and Working Assets	4,322,486.01	2,436,400.98	2,886,085.03	Dividend 250,000 less L.F.P. 50,000	200,000.00		200,000.00
	Current Liabilities	3,933,252.96	1,792,292.31	2,140,950.65	Loaned to Manger Co.	100,461.11	100,461.11	
	Net Current and Working Assets	1,389,233.05	644,108.67	745,134.38	Loaned to A. Korda	76,806.00		76,806.00
	Consolidated Profit $751,875.92				Investment in Odeon	119,059.87	119,059.87	
					Investment in B.H. Real Estate	21,964.19		21,964.19
					Investment in Leaseholds	38,327.08		38,327.08
					Elimination of Special Subsidiary	6,369.44		6,369.44
						562,987.69	219,520.98	343,466.71
1938	Current and Working Assets	4,254,340.04	1,950,198.77	2,304,141.27	Dividend 500,000 less L.F.P. 100,000	400,000.00		400,000.00
	Current Liabilities	3,855,149.39	1,931,919.55	1,923,229.84	Loaned to Manger Co.	562,549.44	562,549.44	
	Net Current and Working Assets	399,190.65	18,279.22	380,911.43	Increase in Hart Judgment	193,209.99		193,209.99
	Consolidated Profit $254,001.51				Giannini Settlement	168,000.00		168,000.00
					Investment in Odeon	79,100.00	79,100.00	
					Elimination of Czecho-Sl. Subsidiary	44,875.69		44,875.69
					" " Japan "	12,744.93		12,744.93
					" " Licensed Agents	44,163.73		44,163.73
					Additional 5% to Producers - England	351,775.06		351,775.06
					" " " " - Canada	31,769.98		31,769.98
					Tax Savings, England and Canada a/c 5%	113,000.00		113,000.00
					Reserved for possible taxes England & Canada	113,000.00		113,000.00
					Producers Fund - England	53,756.45		53,756.45
					" " - U.S. & World-Wide	47,198.28		47,198.28
						1,989,143.55	641,649.44	1,347,494.11
1939	Current and Working Assets	4,795,379.41	3,031,090.99	1,764,288.82	Dividend 250,000 less L.F.P. 50,000	200,000.00		200,000.00
	Current Liabilities	4,054,164.56	2,352,188.33	1,701,976.23	Manger Co. Loan Reduction	176,688.88	176,688.88	
	Net Current and Working Assets	741,214.85	678,902.26	62,312.59	Caddo Settlement	75,000.00		75,000.00
	Consolidated Profit $445,382.20				Investment in Odeon	99,711.74	99,711.74	
					Investment in B.H. Real Estate	15,232.00		15,232.00
					Addition 5% to Producers - England	274,000.00		274,000.00
					" " " " - Canada	36,000.00		36,000.00
					Tax Savings, England & Canada a/c 5%	108,000.00		108,000.00
					Producers Fund - England	133,153.81		133,153.81
					" " - U.S.	87,991.42		87,991.42
						636,400.09	76,977.14	713,377.23
					GRAND TOTALS	5,017,098.27	2,093,374.20	2,923,724.07

NOTE: Net current U.S. assets will be reduced if parent co. is required to make repayments on account of amounts owing by it to certain subsidiaries and branches or is required to make payments in U.S. for the account of subsidiaries and branches.

Scanned from the United Artists collection at the Wisconsin Center for Film and Theater Research.

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www.marypickford.org

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